



**Sierra Nevada Region**  
**Power Revenue Requirement (PRR) Forecasted FY12 through FY15**



|  | <b>CURRENT<br/>FY11 PRR</b> |                      | <b>FY12 PRR</b>        |                      | <b>FY13 PRR</b>        |                      | <b>FY14 PRR</b>        |                      | <b>FY15 PRR</b>        |                      |
|--|-----------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| <b>Revenue and Expense Categories</b>                | <b>Expenses</b>             | <b>Revenues</b>      | <b>Expenses</b>        | <b>Revenues</b>      | <b>Expenses</b>        | <b>Revenues</b>      | <b>Expenses</b>        | <b>Revenues</b>      | <b>Expenses</b>        | <b>Revenues</b>      |
| <b>O&amp;M Expense: /1</b>                           |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| Reclamation  | \$39,089,283                |                      | \$38,994,242           |                      | \$40,304,293           |                      | \$41,516,059           |                      | \$43,567,501           |                      |
| Western  | \$53,417,210                |                      | \$54,104,535           |                      | \$55,727,671           |                      | \$57,399,501           |                      | \$59,121,486           |                      |
| <b>Total O&amp;M Expense</b>                         | <b>\$92,506,493</b>         |                      | <b>\$93,098,777</b>    |                      | <b>\$96,031,964</b>    |                      | <b>\$98,915,561</b>    |                      | <b>\$102,688,987</b>   |                      |
| <b>Purchase Power Expense:</b>                       |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| Custom Product and Supplemental Power /2             | \$251,018,028               | \$251,018,028        | \$252,900,663          | \$252,900,663        | \$254,797,418          | \$254,797,418        | \$256,708,399          | \$256,708,399        | \$258,633,712          | \$258,633,712        |
| HBA Costs /3   | \$2,157,375                 | \$0                  | \$2,222,096            |                      | \$2,288,759            |                      | \$2,357,422            |                      | \$2,428,145            |                      |
| Purchases for Project Use customers /4               | \$2,224,700                 | \$0                  | \$1,932,741            |                      | \$1,025,800            |                      | \$500,000              |                      | \$500,000              |                      |
| Washoe Cost for BR                                   | \$255,000                   | \$0                  | \$471,500              |                      | \$471,500              |                      | \$471,500              |                      | \$471,500              |                      |
| <b>Total Purchase Power Expense/Revenue</b>          | <b>\$255,655,103</b>        | <b>\$251,018,028</b> | <b>\$257,527,001</b>   | <b>\$252,900,663</b> | <b>\$258,583,477</b>   | <b>\$254,797,418</b> | <b>\$260,037,321</b>   | <b>\$256,708,399</b> | <b>\$262,033,357</b>   | <b>\$258,633,712</b> |
| <b>Interest Expense: /5</b>                          |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| <b>Total Interest Expense</b>                        | <b>\$6,460,533</b>          |                      | <b>\$7,579,177</b>     |                      | <b>\$8,965,282</b>     |                      | <b>\$8,405,065</b>     |                      | <b>\$8,158,162</b>     |                      |
| <b>Other Expenses: /6</b>                            |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| <b>Total Other Expenses</b>                          | <b>\$5,803,283</b>          |                      | <b>\$4,358,023</b>     |                      | <b>\$4,488,764</b>     |                      | <b>\$4,623,427</b>     |                      | <b>\$4,762,129</b>     |                      |
| <b>Project Repayment (Expense): /7</b>               |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| <b>Total Project Repayment</b>                       | <b>\$12,500,000</b>         |                      | <b>\$12,750,000</b>    |                      | <b>\$12,750,000</b>    |                      | <b>\$13,000,000</b>    |                      | <b>\$13,000,000</b>    |                      |
| <b>Other Pass-through Expenses &amp; Revenues:</b>   |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| CAISO Market & GMC Charges for 2207A (WSLW)          | \$0                         | \$0                  | \$0                    | \$0                  | \$0                    | \$0                  | \$0                    | \$0                  | \$0                    | \$0                  |
| CAISO Expenses & Revenues /8                         | \$18,655,303                | \$17,173,249         | \$19,214,962           | \$17,688,446         | \$19,214,962           | \$17,688,446         | \$19,214,962           | \$17,688,446         | \$19,214,962           | \$17,688,446         |
| PG&E costs incurred for Wheeling                     | \$8,045,752                 | \$7,483,383          | \$8,287,125            | \$7,707,884          | \$8,287,125            | \$7,707,884          | \$8,287,125            | \$7,707,884          | \$8,287,125            | \$7,707,884          |
| PATH 15 revenues and expenses                        | \$12,000                    | \$12,000             | \$12,000               | \$12,000             | \$12,000               | \$12,000             | \$12,000               | \$12,000             | \$12,000               | \$12,000             |
| Purchases and Sales for SBA /9                       | \$10,018,782                | \$9,018,782          | \$10,269,252           | \$10,269,252         | \$10,525,983           | \$10,525,983         | \$10,789,132           | \$10,789,132         | \$11,058,861           | \$11,058,861         |
| Resource Adequacy /10                                | \$1,906,083                 | \$1,575,441          | \$1,963,265            | \$1,622,704          | \$2,022,163            | \$1,671,385          | \$2,082,828            | \$1,721,526          | \$2,145,313            | \$1,773,172          |
| <b>Total Other Pass-through Expense/Revenue</b>      | <b>\$38,637,920</b>         | <b>\$35,262,854</b>  | <b>\$39,746,603</b>    | <b>\$37,300,286</b>  | <b>\$40,062,233</b>    | <b>\$37,605,698</b>  | <b>\$40,386,047</b>    | <b>\$37,918,989</b>  | <b>\$40,718,260</b>    | <b>\$38,240,364</b>  |
| <b>Other Revenues:</b>                               |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| Non-firm energy sales                                |                             | \$0                  |                        | \$0                  |                        | \$0                  |                        | \$0                  |                        | \$0                  |
| Miscellaneous Revenues /11                           |                             | \$24,379,916         |                        | \$29,139,728         |                        | \$31,235,603         |                        | \$31,944,381         |                        | \$33,188,427         |
| SC, PM, and VRC Admin Fees                           |                             | \$2,310,348          |                        | \$2,310,348          |                        | \$2,310,348          |                        | \$2,310,348          |                        | \$2,310,348          |
| Revenue from Ancillary Service Sales to IOA          |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| SBA Members  |                             | \$1,940,257          |                        | \$1,940,257          |                        | \$1,940,257          |                        | \$1,940,257          |                        | \$1,940,257          |
| <b>Total Other Revenues</b>                          |                             | <b>\$28,630,521</b>  |                        | <b>\$33,390,333</b>  |                        | <b>\$35,486,208</b>  |                        | <b>\$36,194,986</b>  |                        | <b>\$37,439,032</b>  |
| <b>Project Use Revenues: /12</b>                     |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| <b>Total Project Use Revenues</b>                    |                             | <b>\$20,900,000</b>  |                        | <b>\$18,000,000</b>  |                        | <b>\$19,200,000</b>  |                        | <b>\$20,200,000</b>  |                        | <b>\$21,200,000</b>  |
| <b>Transmission Revenues: /13</b>                    |                             |                      |                        |                      |                        |                      |                        |                      |                        |                      |
| <b>Total Transmission Revenues</b>                   |                             | <b>\$0</b>           |                        | <b>\$0</b>           |                        | <b>\$0</b>           |                        | <b>\$0</b>           |                        | <b>\$0</b>           |
| <b>Total Expenses &amp; Revenues</b>                 | <b>\$411,563,332</b>        | <b>\$335,811,403</b> | <b>\$415,059,581</b>   | <b>\$341,591,282</b> | <b>\$420,881,720</b>   | <b>\$347,089,325</b> | <b>\$425,367,420</b>   | <b>\$351,022,374</b> | <b>\$431,360,896</b>   | <b>\$355,513,108</b> |
| <b>Forecasted Power Revenue Requirement Summary:</b> | <b>FY11 PRR</b>             |                      | <b>FY12 PRR</b>        |                      | <b>FY13 PRR</b>        |                      | <b>FY14 PRR</b>        |                      | <b>FY15 PRR</b>        |                      |
| <b>Total Expenses</b>                                | <b>\$399,063,332</b>        |                      | <b>\$402,309,581</b>   |                      | <b>\$408,131,720</b>   |                      | <b>\$412,367,420</b>   |                      | <b>\$418,360,896</b>   |                      |
| <b>add: Project Repayment</b>                        | <b>\$12,500,000</b>         |                      | <b>\$12,750,000</b>    |                      | <b>\$12,750,000</b>    |                      | <b>\$13,000,000</b>    |                      | <b>\$13,000,000</b>    |                      |
|  | <b>\$411,563,332</b>        |                      | <b>\$415,059,581</b>   |                      | <b>\$420,881,720</b>   |                      | <b>\$425,367,420</b>   |                      | <b>\$431,360,896</b>   |                      |
| <b>less: Total Revenues</b>                          | <b>(\$335,811,403)</b>      |                      | <b>(\$341,591,282)</b> |                      | <b>(\$347,089,325)</b> |                      | <b>(\$351,022,374)</b> |                      | <b>(\$355,513,108)</b> |                      |
| <b>Estimated Power Revenue Requirement</b>           | <b>\$75,751,929</b>         |                      | <b>\$73,468,299</b>    |                      | <b>\$73,792,395</b>    |                      | <b>\$74,345,046</b>    |                      | <b>\$75,847,788</b>    |                      |
| Previously Published Forecast /14                    | \$79,244,354                |                      | \$76,401,847           |                      | \$76,442,738           |                      | \$78,081,992           |                      | \$78,967,580           |                      |
| Change from Previous Forecast                        | (\$3,492,425)               |                      | (\$2,933,548)          |                      | (\$2,650,343)          |                      | (\$3,736,946)          |                      | (\$3,119,792)          |                      |

**Assumes current Rate methodology - New Rate Case is effective on Oct 1, 2011 and Rate Structure could theoretically be different.**

/1 Western's O&M is based on updated O&M data. Reclamation's O&M is based on forecast as of Mar 2011. Both agencies' budgets are adjusted for unfunded CSRS.

/2 Estimates for Custom Product and Supplemental purchase power costs (pass-through costs) are based on FY11 budget data.

/3 Estimated Host Balancing Authority costs (HBA) associated with Western operating a Sub-balancing Authority Area (SBA). CY 2011 HBA costs are based on letter from SMUD.

/4 For FY12 & FY13 estimated purchase power costs to meet Project Use and First Preference loads are based on forward purchase costs. For FY14 & FY15 estimates are based on potential short-term purchases as no forward purchases are contemplated at this time.

/5 Interest Expense increases due to the planned investment occurring in the out years.

/6 FY 11 to FY 12 decrease is primarily attributable to a potential resolution of the outstanding settlement with DWR.

Other expenses estimated at 3% increase in costs per year for FY 12 - 15. This cost category includes such items as: Trinity Assessment, Path Operator costs, Western's share of the 27MW leases on COTP.

/7 Capital repayment includes projections, which factor in Western's planned investment in the forecasted time period.

/8 Based on actual and estimated data for FY11. The difference between revenues and expenses is generally CAISO costs associated with transactions to balance CVP generation on a daily and hourly basis.

/9 Purchases and sales of power to support the SBA.

/10 Projected costs associated with Resource Adequacy (RA). These purchases are based on estimated data.

/11 Please note that transmission revenues are included as a subset of miscellaneous revenues in compliance with Western's Standards of Conduct policies.

/12 Project Use Revenues are based on the most recent forecast.

/13 Transmission Revenues are included in the Miscellaneous Revenues category.

/14 The forecast for FY11 PRR was published in Oct '09. FY12 through FY15 forecast was published in Oct '10.

As of April 15, 2011